



Board Meeting March 2020

Wednesday, March 11th, 2020

FIREHOUSE

The March meeting was held at the Firehouse. In attendance were Trustees John Ott, Harvey Paparo and Tim Vogel. Trustees Steve Whitelande and Joe Carlson were unable to attend. Owners present were Ned Andrews, Patty Jones, and Dan Harris. Also present were Manager Keith Edquist and Bookkeeper Kim Clinco.

Meeting topics: Review of February financials; short term rental survey of owners returned from Board circulation, discussion of metering and meter pits and/or in home meters. New information made available from Dan Harris regarding placement of meters and the State's need for 'accountability' for water use from private systems, Trustee motion and vote on direction in regard to metering, need to amend the Responsible Governance Fines and Fees Policy

Approval of Minutes

the Board approved the minutes of the February 12, 2020 meeting. These will be posted to the website.

Financials

Kim Clinco provided balance sheet and profit and loss statements as of February 29th. The balance sheet showed total assets as \$793,386 of which \$748,494 were reserves and the operating fund balance \$51,060. Income through the 29th was at 71.2 percent of the budget and total operations expense through February was 54.55 percent. This led to a \$25,247 net operations surplus through the end of February. There have been no expenses charged to the reserves to this point in the year, and there are only snow removal expenses so far this winter.

The aging report showed a single owner over 90 days late with a prior quarter's assessments. A Notice of Default letter has been sent to this owner, and Edquist had spoken with them in late February. Payment is expected but a Notice of Intent to Lien will be mailed if that is not forthcoming. It was noted that there is a new line item expense "Income Tax" which showed an expense of \$788 paid to the IRS in relation to the production of the 2017 and 2018 tax returns. Kim departed the meeting after this report.

Public Comment

few owners were in attendance tonight perhaps because of Corona virus fears. Edquist was advised that the Firehouse may not be available for the April meeting due to similar concerns by the Fire Marshall. Patty Jones and Ned Andrews were asked questions and provided comments in relation to water metering over the course of the evening.

Reserve Study and Status of Reserves-Manager Edquist reminded those present that he had worked with the Reserve Study spreadsheet using both the \$200,000 proposed expense for in-house meters, and the \$400,000 proposed expense for pit meters, and that in neither instance did reserve funding fall



below 100 percent through 2048. This means that even using the higher end of the expected costs, owner assessments should not have to be increased beyond their present levels, and that there is little danger of a special assessment being needed.

Water System

Dan Harris reported on his meetings with engineers from Schmeuser/Gordon/Meyer (SGM) and the LECVHOA Water Operators, Environmental Process Control (EPC). He had forwarded to the Board the general thoughts of these firms in regard to metering and water lines (email of 3/11/20 and appended to these minutes). EPC did not have any directly applicable experience, though they did say they were working with another association that was installing water meters. The SGM firm recommended installation of water meters as close to the main water lines as possible, so as to detect the highest number of leaks on a water system.

Dan said companies who bid the LEC work had called asking about the status of the project, as they are planning their summers. Dan has secured three bids for this work and said he needed to compare them to assess with each what is and is not included in the proposals. He went on to say that based on his decades of work on them, the LEC main water lines were relatively well bedded, with bedding materials both above and below the pipes. He hoped that the Board would make a decision on the type of meters to be installed tonight, so that the needed contractual 'specifics' could begin to be defined. He said an association installing meters on Missouri Heights was doing so because they have been told by the state that their water system does not include adequate "accountability" as to where their water goes. Rectifying this problem basically means installing meters.

Dan said he sends a report to EPC of LEC's gross water use—how many gallons of water are pumped up to the storage tank each month. However, there is no "accounting" for where that water goes. Little Elk has no real information on how much water is used for domestic water use and how much water is leaked away into the water table. This puts LEC in the same situation as the Missouri Heights association and closer to State mandated reporting of a more accurate nature. He said that the LEC's attorney was also working with a Red Mountain association installing meters on their water system. A meeting with an attorney is to be scheduled with as many as possible of the Trustees, management, and Harris in attendance. This is expected in the near future, in preparation for the April meeting.

Owner Patty Jones asked what the main purpose of installing meters was, and if the intent was to bill owners for use? President Ott responded that the intent at this time is to more rapidly find leaks and to know the amounts (acre/feet) of water Little Elk uses. Mr. Harris said that in good years like 2015 and 2016 LEC uses less than its legal allotment, but that last year the water use clearly exceeded that allowed amount. He said that for now the State is taking the position that such 'excess' water goes back to the water table, but that this may not continue to be the case. As the LEC water system ages, there are likely to be more leaks, perhaps leading to Little Elk exceeding the amount of water allotted to it by its state water decree, a potentially serious matter.



At this time, President John Ott made a motion for Little Elk to proceed with installation of pit meters on the system. This was seconded by Trustee Harvey Paparo. John and Harvey voted in favor, Trustee Tim Vogel was opposed. Though these three Trustees comprise a quorum under the LEC bylaws, management was asked to arrange for a vote on the motion by email, in order to have Trustees Carlson and Whitelands on record. It is also the intent of the Board of Trustees to use reserve funds to pay for the installation of all the meters on the system, and the necessary hard and software to allow online monitoring and reporting of use. Owner expense may involve replacement of failing service lines should such be discovered during the course of installing pit meters between the main line and the owner's home.

Tim Vogel recommended further decisions and discussion of specifics regarding the project be deferred until after the meeting with the attorney. He said that if pit meters were to be installed, all the meters should be of that nature, rather than a combination of pit and in house meters, to simplify installations and maintenance in the future. He said also that it is important to allow Dan to retire from his responsibilities regarding the water system and be able to pass on a consistent and maintainable system for the next operator.

Updates

Edquist said the short term rental poll of owners had been circulated to all the Trustees at this time. There were no hard determinations made by the Board, and that indeed was not their intent in sending it out. Final count, without tabulating individual written comments, was 32 in favor of short term rentals (though usually with comments indicating disruption of the neighbors or neighborhood as undesirable) to 18 owners who were opposed to short term rentals. This was a good response of over half the owners. This will likely be a topic for the annual meeting next June.

Manager Edquist said he had been in contact with owner Adas Wolk, and that he is now in the Pitkin County permitting process, and expects to break ground perhaps as early as May, but hopefully not later than July. He is aware that his home on Little Elk Avenue (first vacant lot on the left after turning onto Little Elk Avenue) may be the first to have a pit meter installed to service the home.

New Business

Edquist noted a need to amend the Responsible Governance Policy regarding the Schedule of Fines and Fees, to codify in the policy the \$1000 fine for use of potable water for landscape purposes. Edquist will edit the existing policy for Board review and approval at the next meeting.

Unfinished Business

Dan Harris made the observation that excavation for the meters should provide ample material for the construction of a path from the corner of Davidson/Driskell to the open space, less steep than the impromptu access now existing.



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There being no further business to come before the Board, the meeting was adjourned at 8:40 pm.

Respectfully submitted,

Keith M. Edquist, Association Manager

John Ott, LECVHOA President